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Ballard Spahr: President Obama Seeks to Expand Market for P3 Transportation Projects.

As part of his ongoing effort to urge Congress to address the nation's critical infrastructure needs, President Obama recently announced the signing of an executive order creating the Build America Investment Initiative (the Initiative). This government-wide Initiative is intended to modernize roads, bridges, and other public infrastructure by complementing government funding with private capital, and could lead to more innovative project financing through public-private partnerships (P3s).

The Initiative is designed to encourage collaboration between state and local governments and the private sector, expand the market for P3s, and make greater use of existing federal tax credit programs. The President's announcement serves as another reminder of how the federal government continues to shift subsidies for infrastructure from tax-exempt bonds to tax credits. The Initiative's three major components are detailed below.

Under the oversight of the U.S. Department of Transportation (USDOT), the Build America Transportation Center (the Center) will provide information and technical assistance about innovative financing strategies to state and local governments, public and private developers, and investors. Resources include:

'Navigator Service' for the Public and Private Sector. This service is designed to make USDOT tax credit programs more understandable and accessible to state and local governments and leverage both public and private project funding. In addition, it will provide resources for identifying and executing P3s to private sector development and infrastructure investors.

Improved Access to USDOT Credit Programs. The Center will encourage awareness and efficient use of existing USDOT resources, including the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. TIFIA provides financing and loan guarantees to transportation projects; each dollar of TIFIA funding can support about \$10 in loans, loan guarantees, or lines of credit. The Center will also focus on the use of other key USDOT programs, including the Private Activity Bond program and the Railroad Rehabilitation and Improvement Financing Program.

Technical Assistance. Best practices from states and communities that already have established successful P3s will be shared. Through a website and on-site technical assistance, the Center will provide information about USDOT credit programs, case studies of successful projects and examples of deal structures, standard operating procedures for P3s, and analytical toolkits. The Center also will help investors better understand how to use USDOT credit and grant programs together for project development.

Information To Reduce Uncertainty and Delays. In partnership with the interagency Infrastructure Permitting Improvement Center—part of the Obama administration's plan to modernize permitting—the Center will help local and state governments, project sponsors, and investors navigate the permitting process.

Build America Interagency Working Group

A federal interagency working group, co-chaired by U.S. Treasury Secretary Jacob Lew and Transportation Secretary Anthony Foxx, will conduct a review aimed at fostering greater private investment and collaboration beyond the transportation sector. The group will work with state and local governments, project developers, investors, and others to address private investments and partnerships in areas including municipal water, ports, harbors, and the electrical grid. The group will focus on improving coordination to speed financing and completion of regionally and nationally significant projects, particularly those crossing state boundaries.

Infrastructure Investment Summit

On September 9, 2014, the Treasury Department will host a summit on U.S. infrastructure investment. The summit will focus on innovative infrastructure financing approaches and highlight other resources for project development. Leading project developers and institutional investors, state and local officials, and their federal counterparts are expected to participate.

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This publication was written by members of Ballard Spahr's P3/Infrastructure Group.

Attorneys in Ballard Spahr's P3/Infrastructure Group routinely monitor and report on new developments in federal and state infrastructure programs. For more information, please contact P3/Infrastructure Practice Leader Brian Walsh at 215.864.8510 or walsh@ballardspahr.com, Emilie R. Ninan at 302.252.4426 or ninane@ballardspahr.com, Steve T. Park at 215.864.8533 or parks@ballardspahr.com, or the member of the Group with whom you work.

BRIAN WALSH
TEL 215.864.8510
walsh@ballardspahr.com

EMILIE R. NINAN
TEL 302.252.4426
ninane@ballardspahr.com

STEVE T. PARK
TEL 215.864.8533
parks@ballardspahr.com

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